



Michigan National Organization for Women

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**Testimony Concerning Pay Equity
House Bills 4625, 4626, and 4627
before the
House Labor Committee
Tuesday, April 24, 2007
by
Mary Pollock, Legislative Vice-president
Michigan National Organization for Women**

Thank you for the opportunity to testify concerning the need for comprehensive pay equity legislation in Michigan.

Equal Pay Day - Today, April 24, is national Equal Pay Day, an auspicious day to have a hearing about proposed legislation addressing pay equity. Equal Pay Day is observed in April to indicate how far into the next year a woman must work to earn as much as a man earned in the previous year. In 2007, April 24th symbolizes the day when women's wages catch up to men's wages from 2006. Because women on average earn less, they must work longer for the same pay. For women of color, the wage gap is even greater. Nationally, women's average wage is 77 per cent of men's average wage according to the U.S. Department of Labor. Without action, it will take nearly 50 years for women to gain wage equality. In Michigan, women's average wage is 67 per cent of men's wages. Michigan ranks 49th among all states with regard to pay equity according to the Institute for Women's Policy Research. Pay equity consistently ranks as the number one issue that women want addressed by their elected officials, ahead of health care and child care.

Why the Wage Gap - Just why is there a wage gap between men and women? Economists and social science researchers have had much to say about this and there is an extensive literature on the subject. Basically, the wage gap is the result of a variety of forms of sex stereotyping and segregation left over from a pre-industrial and pre-information age: steering girls to certain

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limited education and vocational choices; sex stereotyping and discrimination in the workplace, including discrimination in hiring, promotion and pay setting; occupational segregation and steering by employers; bias against mothers and care-takers in employer leave and attendance policies; undervaluing women workers and so-called pink collar traditional women's work. The legislation you have before you is only attempting to address one cause of wage disparity, that of compensating employees unequally based on irrelevant factors like sex and race, when the work is of comparable value.

Occupational Segregation - In 2000, two-thirds of all U.S. working women were still crowded into twenty-one of the largest 500 occupational categories. These female-dominated occupations are fairly consistently paid less than male-dominated or mixed occupations. Thus janitors are paid more than nurses' aides, parking lot attendants are paid more than child care workers, construction laborers are paid more than bookkeepers and cashiers.

One of the ways some women have responded to wage inequities is by choosing to integrate male-dominated, highly paid occupations such as engineering, skilled trades, doctors, lawyers, accountants, pharmacists, and many others. Indeed, over the last 30 years, there has been notable progress in attracting women to many non-traditional occupations. But most women workers are still in traditional pink collar jobs where wages are lower than traditional male occupations. Whereas the federal and state Equal Pay Act can be used by workers in the same or similar occupation in an establishment to challenge sex-based wage disparities, only legislation to enhance the Michigan Civil Rights Act can address wage disparities in dissimilar occupations that require comparable skill, responsibility, effort, education or training, and working conditions.

How to Compare Dissimilar Jobs – Critics of pay equity assert that you just can't compare jobs that are dissimilar. The metaphor you can't compare apples and oranges is often used. Well, yes you can. Apples and oranges can be compared as to size, weight, number of calories, color, fiber content, vitamin content, etc. Similarly, classification and pay studies use factor analysis to compare dissimilar jobs. Classifiers look at an accurate job description and then assign value based on the factors. A very simple unweighted job evaluation grid might look like this:

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	Low = 1	Medium = 2	High = 3
Skill required			
Responsibility required			
Effort required			
Education/training required			
Working conditions			
Total Points			

Real Examples - Yesterday, The WAGE Project (www.wageproject.org) issued the results of their informal poll of working women. Here are some of their findings:

Seven out of ten women who participated in the survey reported experiences with inequitable treatment and pay -- women of all ages, working in private businesses, nonprofits, and government offices, and living in every state in the nation. These women supported their claims of inequity with credible facts. Two thirds of these women's accounts of inequities involved gender discrimination.

For example, a Vice President in a call center said "In the 23 years I have worked here, I have never been paid the same pay as the male managers." How did she know this? "I have total access to payroll records."

A college educated woman in her late 40's living in the South reported: "About three years ago I worked for a major corporation in a supervisory capacity. My staff was 47 people and my male colleague's staff was 12. His salary was \$28,000, mine was \$22,500." She knew this because "I helped the manager calculate the salary increases for upcoming year."

A 24-year old mortgage bank relationship manager said "I discovered that I was producing more loan revenue than a male co-worker but making less per loan." She was analytic in her assessment of inequity: "I was a higher producer, making

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more money for the company, and self-sufficient in lead generation. He was not. So I cost the company less.”

Another woman in her twenties, just starting her career, reported “I work for the government. I was brought in at grade 9-10, while a man fresh out of school just like me was brought in at a grade which pays him \$10,000 more. I cannot understand it. We are both Physician Assistants.”

A property manager in her fifties reported that a male maintenance superintendent who worked for her made more than she did although she had more education and more job responsibilities.”

Why Don't Women Complain - That survey also surfaced women's fear of reporting or complaining about wage disparities.

More than half reported taking no action. Fear of retaliation was expressed time and time again. “I was afraid to fight for fear of losing my job,” said one. “I was told that if I acted on what I found out (about being paid less than a man) I would be fired,” another woman said. One middle aged woman in the information technology industry explained: “I did nothing. I need my job and medical benefits since my husband is ill.... The senior director has no compunction about firing people she perceives as ‘toxic’. So I remain mute.” Another woman supporting other family members made a similar comment: “I did nothing. I did not want to jeopardize my position; I am a single parent and need the pay.” One woman spoke for many others: “We have to keep quiet or we lose our jobs.”

Achieving Equity Without Retaliation – Many Canadian provinces have passed pay equity laws and initiatives to equalize pay between female-dominant and all other occupations. Some states have done so as well. The State of Michigan conducted a comprehensive study of its classification and pay system in the late 80s and 90s to detect sex-based wage disparities, and adjustments were made where problems were identified. Unionized workers have had success in

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some settings in negotiating for pay equity studies and wage adjustments where sex- or race-based wage disparities were subsequently found. But most workers are not in unionized settings and cannot negotiate their wages and working conditions. The burden cannot and must not be solely on individual working women to fix wage inequities by risking their jobs, their livelihoods, and their families. This legislature needs to help them by passing this legislation.

State law is needed to bolster the foundation for a systematic approach to achieving pay equity. The effect of these bills will encourage employers to proactively evaluate their classification and pay systems to assure that pay is based on the job, not the immutable characteristics of the person doing the job. The Commission on Pay Equity established in HB 4627 will be able to offer definitions, models, guidelines and technical assistance materials for employers and employees to help implement pay equity mandates in HB 4625.

Working women do not want special treatment. They want fair treatment. With strengthened laws, working women and employers can achieve pay equity. We urge you to pass the bills and work for their implementation.

Thank you again for the opportunity to testify to the importance of these bills.

For more information:
Mary Pollock
517-449-2386

**AAUW of Michigan Testimony in Support of Pay Equity
to
House Labor Committee
April 24, 2007**

The American Association of University Women (AAUW) is a nationwide organization of over 100,000 college educated women and men, with a long history of involvement in pay equity, beginning with its 1913 report on United States Civil Service job classifications and compensation in Washington, D.C. AAUW has supported federal pay equity legislation since it was first introduced in 1945. The AAUW Public Policy Program supports elimination of discrimination based on sex, color, creed, national origin, age, height, weight, marital status, sexual preference or disability.

In 2005 AAUW'S Education Foundation published an online resource that examined wage discrepancies. It was entitled ***Gains in Learning, Gaps in Earnings: A Guide to State and National Data*** and was prepared in partnership with the Institute for Women's Policy Research. Michigan was one of the four profile states highlighted in the report. Today on Equal Pay Day the AAUW Educational Foundation is releasing a new report, ***Behind the Pay Gap***, which shows that just one year out of college, women working full time already earn less than their male colleagues, even when they have the same major and occupation. Ten years after graduation, the pay gap widens. Even though the educational status of women has improved substantially, both nationally and in Michigan, it is obvious that there is much room for improvement. Since 1960 because of the wage gap the real median earnings of women have fallen short by more than half a million dollars compared to men. This wage gap has real and significant consequences. With a record 69 million women in the work force wage discrimination hurts the majority of American families. Wage discrimination lowers the total lifetime earnings, thereby reducing women's benefits from social security and pension plans and inhibiting their ability to save not only for retirement but for other lifetime goals. State and national governments can contribute to improving women's educational attainment and earnings by adopting and implementing policies that promote and protect women's educational and workplace opportunities.

AAUW of Michigan, the state component of the national organization, has supported the concepts of the pay equity legislation that has annually been introduced in both chambers of the Michigan legislature. The passage of this new legislation in both the House and the Senate, which addresses prohibiting wage discrimination in jobs of comparable value, provides criminal penalties for wage discrimination, and establishes a Pay Equity Commission, is crucial if the persistent wage gap that continues to exist between men and women is to be closed. As a coalition partner of the Michigan Pay Equity Network, AAUW of Michigan supports pay equity which seeks to eliminate race and sex discrimination in the wage setting process by basing pay on the skill, effort, responsibility, education, training, and working condition a job requires, rather than on the sex or race of the worker.

The goal of pay equity advocates like AAUW is to eliminate that part of the earnings gap that can be attributed to sex or race discrimination. More than three decades after the passage of the Equal Pay Act and Title VII of the Civil Rights Act, women and people of color continue to suffer the consequences of unfair pay differentials.

AAUW is engaged in grassroots action to educate the public about what they can do to address the wage gap. We will continue to advocate at all legislative levels to correct this inequity. It is simply a matter of justice and fairness.

Recommendations on higher education, affirmative action, and pay equity can be found on the AAUW website (www.aauw.org) where a link to the pay equity reports mentioned in this testimony can also be found.

Thank you for the opportunity to make this presentation.

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Business and
Professional
Women

TO: Pay Equity Press Conference

FROM: Penny Modlin, BPW/MI President

DATE: April 23, 2007

RE: National Pay Equity Day, April 24, 2007

Tuesday, April 24, is the national observance of Equal Pay Day, the day when women and men around the country recognize the wage gap between working women and men, and offer remedies to address pay inequity. According to statistics released in 2006 by the United States Census Bureau, women are paid, on the average, 77 cents for every dollar their male counterparts are paid – a gap of 23 cents.

The wage gap is shameful, but here in Michigan women's pay doesn't even measure up to the national average. We are paid just 67 cents for every \$1.00 of a man's pay. Women and our families are being shortchanged thousands of dollars a year and hundreds of thousands of dollars over the course of a lifetime.

Women live longer than men on average so retirement assets are critical. The lost wages caused by the wage gap impact women's ability to save for retirement and reduces their Social Security benefits. With more women in the workforce, and more families reliant upon women's paychecks for their livelihood, the U.S. must address the wage gap for the sake of American families and their financial stability.

Here are four ways to close the pay gap:

First, we need to keep affirmative action programs in place to make sure education, jobs and promotion opportunities are open to and offered to qualified women.

Second, employers must examine and correct their pay practices. Employers can get help in examining their pay practices through equal pay self-audit guidelines from the U.S. Department of Labor.

Third, women must stand up for equal pay and for themselves. If a prospective employer cannot show that women and men are paid equally for the job you're seeking, it makes sense to look elsewhere. Positive signs include a hiring process that seeks diversity through affirmative action, written pay and benefit policies, job descriptions and evaluation procedures. A union for workers is another good sign. Women in unions earn 35 % more than women in non-union workplaces.

Women who are paid less than men must discuss the problem with their employer. If there is a union, ask their help. If discrimination persists, file a complaint at the state level

or with the U.S. Equal Employment Opportunity Commission.

A fourth way to close the pay gap is through federal legislation such as the Paycheck Fairness Act and the Fair Pay Act. That's not a solution popular with employers, but it may be necessary. For employers who continue to pay women less, legal penalties or EEOC action may be the only remedies.

Pay equity is a growing national movement. States around the country are introducing pay equity legislation and women continue to recognize the importance of this legislation. We are encouraged to see Michigan taking up this issue as well. Pay inequity penalizes families especially during times of economic hardship so we must address it when trying to boost the economy. At the rate we are going, the wage gap will not be eliminated until 2040. Women and their families cannot afford to wait that long!

Equal Pay will continue as a BPW/USA and BPW/Michigan, legislative priority. BPW/Michigan is committed to working towards an end to the wage gap. Until then, we will continue to call attention to the wage disparity and to educate women and men about solutions to wage discrimination.

Penny Modlin

BPW/Michigan State President, 2006/2007

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MARK T. GAFFNEY, *President*

TINA ABBOTT, *Secretary-Treasurer*

April 24, 2007

TO: Members of the House Labor Committee

FROM: Ken Fletcher, Legislative Director

RE: Support for House Bills 4625-4627 – Pay Equity

We are pleased to be here on Pay Equity Day to support House Bills 4625- 4627.

Equal pay is a bread-and-butter issue for working families. More than two-thirds of all mothers in the United States work for pay. Two-income families are becoming today's norm among married couples, and a growing number of single women provide most or all of their families' income.

Congress first outlawed wage discrimination in 1963, when it passed the Equal Pay Act, requiring that women and men get equal pay for equal work. The following year, Congress passed the Civil Rights Act of 1964, which more broadly prohibited pay discrimination against women or people of color.

In the 40+ years since the equal employment laws passed, women and people of color have made significant strides into the mainstream of the American workplace. Lingering unequal pay robs women and their families of economic security, contributes to increasing poverty rates and threatens future retirement income. Equal pay is the biggest problem women face at work.

In Michigan, as across the nation, working women earn less than working men. The price tag for pay inequality is huge. According to an analysis of government wage data, paying women less than comparable men—those of the same age, with the same education, who work the same number of hours—costs working women's families in our state a staggering \$9 billion each year.

Workers in female-dominated jobs such as secretaries, cashiers, LPNs, child care providers, and others in jobs with 70 percent or more women workers, are paid less than similar workers in jobs not dominated by women. Correcting these inequities by paying women and men in predominately female jobs the same as similar workers in non-female-dominated jobs would significantly boost their earnings.

Union representation brings wage setting into the open and helps ensure that employers rely on objective factors—skill, effort and responsibility—to set pay rates. Unions markedly boost wages for all represented workers, especially for those most likely to encounter discrimination in pay or other employment terms.

There are three clear routes to ensuring that women receive equal pay: 1) vigorous enforcement of current equal pay laws; 2) passage of stronger and better equal pay laws; 3) greater protection for workers' rights to organize into unions.

For these reasons, we ask that you support House Bills 4625-4627.

Thank you.



INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA - UAW

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**STATEMENT OF
NADINE NOSAL
MICHIGAN LEGISLATIVE COORDINATOR
INTERNATIONAL UNION UAW COMMUNITY PROGRAM
for the
Michigan House of Representatives
Labor Committee**

April 24, 2007

Good morning. Thank you Chairman Miller and committee members for allowing me to testify on these important bills. My name is Nadine Nosal and I am the Michigan Legislative Coordinator for the International Union, UAW assigned to our UAW Community Action Program, or UAW CAP. Across Michigan, the UAW represents approximately 400,000 active and retired members and their families in both the private and public sectors.

The UAW urges your support and affirmative vote on the three bills before you today. House Bills No. 4625, 4626 and 4627 address the important issue of comparable worth.

Across this country events are being held to draw attention to the fact that today women's wages catch up to men's wages from the previous year. Equal Pay Day is observed to indicate how far into each year women must work to be paid as much as men are paid in the previous year. This year that watershed date is April 24th, in 2005 it was April 19th. There is much work to be done and I commend this committee for taking up these bills today as they will help us reverse this backward trend.

Nationally women earn 77cents for every dollar men get. It is even less for African American women (67 cents) and Latinas (59 cents). Currently Michigan is ranked 49th in the U.S. for women's wage parity with men, receiving only 67 cents for every dollar in wages a man receives. That's 10 cents below the national average. We can do better than that!



The Voice of Small Business

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**Testimony on Proposal to Establish
State Mandated Pay Equity for Women**

House Labor Committee
April 24, 2007

My name is Amanda Fisher and I am the Assistant State Director for the National Federation of Independent Business, an organization providing legislative advocacy for more than 15,000 Michigan small businesses.

I would like to thank the committee for the opportunity to provide some information relative to the concerns of small business and the pay equity legislation that has been introduced.

Small business owners have ranked “complying with unreasonable government regulations” as one of their top 10 concerns during the research for the 2004 “Small Business Problems and Priorities” - a research project done by the NFIB Research Foundation. House Bills 4625, 4626 and 4627 represent examples of just these sorts of unreasonable regulations.

This package of bills would exacerbate the growing regulatory burden by introducing yet another element of government micro management into the workplace that would disproportionately impact small businesses. Having government bureaucrats or the court system determine what constitutes equal work and comparable value is not in the best interest of Michigan’s smaller employers nor is it in the best interests of Michigan’s citizens. Abandoning the incentives and discipline of the free market in favor of bureaucratic decision making will impose tremendous cost on an already failing Michigan economy.

An excellent example of this occurred in Minnesota where under comparable worth law, a nursing shortage occurred because nurses were actually determined to be making too much and this led to a state mandated cut in wages. This occurred during a time when there were already too few nurses – which would indicate a need to raise wages.

In addition, due to the subjective nature of “worth”, this legislation would lend itself to increased and costly litigation, an aspect that could further discourage businesses from expanding or locating in Michigan.

Finally, by imposing the criminal penalties in HB 4626, you open all employers, especially small business owners, who often act as their own HR department, to unfair prosecution based on very subjective definitions.

We would argue given the state of Michigan’s current economy that the real issue that should be foremost on the legislature’s mind is promoting and creating a robust economic climate. In that climate, equality of opportunity is the best means of promoting pay equity and economic advancement. The free market is more just than any attempt to artificially establish salary equity by government bureaucrats.

For these reasons, we oppose HB 4625, HB 4626 and HB 4627 and respectfully request the members of this committee not to report them for further consideration.